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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/941,347	08/28/2001	Manu Ghela	GHEL-0312	9180

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EXAMINER

MARKS, CHRISTINA M

ART UNIT	PAPER NUMBER
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3713

DATE MAILED: 06/25/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/941,347

Applicant(s)

GHELA, MANU

Examiner

C. Marks

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 21 April 2003.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1,2 and 4-16 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☐ Claim(s) 1,2 and 4-16 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____
- 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 103

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 1-2 and 4-10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Congello, Jr (US Patent No. 6,296,569).

Congello, Jr. discloses a method of conducting a lottery wherein a jackpot prize is determined (Column 2, lines 24-35) and tickets are distributed to lottery participants for a lottery game and ticket purchasers can select at least one number combination for each lottery ticket (Column 3, lines 59-62). Congello, Jr. offers a first ticket type called a fractional ticket for the lottery game wherein the ticket can be purchased for less than the price of a second type of ticket, a full unit ticket (Column 2, lines 45-60). The lottery sponsor will then randomly draw the winning numbers (Column 2, lines 63-64) to determine whether a particular ticket is a winning ticket. Game winners will share prizes proportionally based upon having a winning ticket and the relative fractional value of the winning ticket (Column 2, lines 64-67). Congello, Jr. discloses that a full unit ticket is usually based upon \$1.00 and that a ticket winner is paid based on the fractional denomination as a percent of a full unit ticket (Column 4, lines 64-67; Column 5, lines 1-3). A first amount would thus be paid to a winner of a fractional ticket wherein the jackpot is less than the full jackpot (Column 5, lines 1-3). A second amount equal to the jackpot would be paid to a holder of a full unit ticket.

Congello, Jr. also discloses a third type of ticket that can be purchased. This ticket is disclosed to add a fractional denomination to the full unit ticket resulting in a ticket that costs

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more than a full unit ticket (Column 5, lines 9-12). Congello, Jr. discloses that a full unit ticket will win a full jackpot and gives an example that a ticket costing \$0.80 would entitle the winner to an 80% share of the jackpot (Column 4, lines 64-67; Column 5, lines 1-3). Congello, Jr. also discloses that a player can purchase a \$1.65 ticket adding a fractional denomination to a fixed, full unit ticket (Column 5, lines 10-12). One of ordinary skill in the art would understand based upon the disclosure of Congello, Jr. that if a ticket costing \$0.80 would entitle the user to 80% of the jackpot based upon the full unit ticket price of a \$1.00, it can be extrapolated that if the user was to pay for a game ticket that adds a fractional denomination to the full unit resulting in \$1.65, the user would be entitled to 165% of the jackpot, thus resulting in a third type of prize that is equal to the jackpot plus a portion of what would be the taxes payable on the jackpot.

Regarding claim 2, Congello, Jr. discloses that the winner will be paid once the prize is computed and the winning tickets have been identified (Column 4, lines 5-10).

Regarding claims 5, 7, and 9, Congello, Jr. does not explicitly disclose that once a first type of ticket is purchased, the user can upgrade it to a second type of ticket wherein the ticket is then converted from a first type to a second type wherein the purchase is available up to a certain time. However, Congello, Jr. does disclose that fractional denominations (first type of ticket) can be added to a fixed denomination (second type of ticket) to result in a third type of ticket (Column 5, lines 10-12) thus converting the ticket to the third type of ticket with the larger payout. From this disclosure, one of ordinary skill in the art would understand that the concept of adding denominations together could apply not only to obtaining a ticket of a value greater than a full unit ticket, but to also upgrade a fractional ticket to a full unit ticket or a full unit ticket into a greater than full unit ticket. This would be especially useful to the disclosure of

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Congello, Jr. as Congello, Jr. embodies purchasing tickets based upon change received from other purchases (Column 3, lines 33-38). One of ordinary skill in the art would thus be motivated to allow for these additions in order to allow users to combine fractional tickets previously purchased into a full ticket or if the user is feeling lucky to update a full ticket into a third type of ticket. This would greatly benefit the consumer as they could then “upgrade” these number of fractional tickets into full tickets, or full tickets into more than full tickets, if they desired in order to ensure that if they were to win the lottery draw, they would be guaranteed a full prize or more, not just a partial prize.

Congello, Jr. discloses the lottery will close upon the time that tickets are no longer sold. This time is axiomatically prior to the payout time, as it is understood in the art that lottery tickets are not sold after the drawing. Therefore, it would have been obvious to one of ordinary skill in the art to also enforce the closing time on the sale of upgrades, as it is not plausible to allow users to upgrade their tickets after the drawing.

Regarding claims 6, 8, and 10, one of ordinary skill in the art would fully understand that the price difference for the upgrade procedure disclosed above in regards to claims 5, 7, and 9 would axiomatically be the price difference between the types of tickets.

Though Congello, Jr. discloses the method of buying different price tickets as a fractional, it is no different in the usage of the insured method as claimed by Applicant. In the Congello, Jr. disclosure, the user can buy tickets at a smaller price, knowing that a full jackpot is not insured upon a win. The user can also buy tickets at full price, knowing that the full jackpot is insured upon winning or the user can buy a ticket at greater than full price, with the

opportunity to win more than the jackpot. Therefore, the fractional buying of Congello et al. functions in the same manner as the claimed insured buying as claimed by Applicant.

Claims 11 and 12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pennsylvania Tax-Free Million Game in view of Pennsylvania Lottery Information: Claiming a Prize.

The Pennsylvania Tax-Free Million game is a game where a user can choose, by purchasing the Tax-Free Million ticket, to insure any large payout against possible taxes. By purchasing the ticket, and thus the tax insurance, the player is guaranteed upon winning to be paid in full an amount representing the total jackpot.

In regard to determining a cutoff point, the Pennsylvania Lottery site discloses information about claiming a prize that is won from any of the tickets, thus including the Pennsylvania Tax-Free Million. There is a cutoff point set what denotes a small jackpot and a large jackpot. Anything under \$500 is considered a small sum and can be paid in a lump sum immediately.

Further, anything over \$600.01 is considered a large jackpot and is subject to Federal Withholding taxes and annuity payments. In the case of the Tax-Free Million, where the user opted to purchase tax insurance by purchasing the ticket, the entire amount is immediately paid in full as it is disclosed that the Pennsylvania Department of Revenue will deduct the appropriate federal withholding before the winner received the lump sum winnings check. However, in the case of the Tax-Free Million, where the user opted to purchase the tax insurance, the rules of the game state that the Pennsylvania lottery will be responsible for this federal tax and it will be

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taken out so that the winner will receive a full payment of the jackpot prize of one million dollars.

Therefore, based upon the disclosure of these two documents, a cutoff point is determined and small payments are paid in full and large payments, can also be paid out immediately as a lump sum. In the case where the user has opted for tax insurance by buying the Tax-Free Million ticket, this large payout would still represent the full million.

Claims 13-14 and 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al. (US Patent No. 6,086,477) in view of PA Lottery Information, Claiming a Prize.

Walker et al. disclose a method of conducting the lottery wherein tickets are distributed to lottery participants for a lottery game (Column 11, lines 55-67; Column 12, lines 1-18). The tickets are of two types, an insured ticket and a non-insured ticket (column 11, lines 65-67; Column 12, lines 1-18). The system then determines whether a particular ticket is a winning ticket. If a ticket is a winning ticket and the ticket has been insured, the top prize amount available is paid. Otherwise, if the ticket has not been insured, only a portion of the top jackpot is paid. However, if the top prize is not greater than a predetermined amount prize cutoff point wherein this cutoff point axiomatically separates the small jackpot from the large jackpot, the non-insured ticket will still receive the full jackpot, as this jackpot is fixed for non-insured tickets.

Regarding claim 14, the number of participants in the lottery does not affect the amount of the award paid, as further participants only add to the pool prior to the drawing and thus their participation would not detract from the award amount paid.

Regarding claim 16, it is notoriously well known in the art that large payments are often paid in payments and small payments are paid out in a lump sum. However, it is also well known in the art that winners can choose to have large payments, wherein the payments can be paid in full to a holder of a winning lottery ticket, the sum that the holder is *entitled* to without regard to the amount of the prize. Walker et al. discloses that a holder of an insured ticket is paid the top prize amount available.

Claim 15 is rejected under 35 U.S.C. 103(a) as being unpatentable over Walker et al (US Patent No. 6,086,477) in view of Congello, Jr. (US Patent No. 6,296,569).

What Walker et al. and Congello, Jr. disclose has been discussed above and is incorporated herein.

Walker et al. disclose a method of conducting a lottery wherein users can insure a ticket to make sure they are eligible for the full payout award amount. Walker et al. does not disclose that the full award amount can include a further award equal to at least a portion of the taxes payable.

Congello, Jr. also discloses a third type of ticket that can be purchased. This ticket is disclosed to add a fractional denomination to the full unit ticket resulting in a ticket that costs more than a full unit ticket (Column 5, lines 9-12). Congello, Jr. discloses that a full unit ticket will win a full jackpot and gives an example that a ticket costing \$0.80 would entitle the winner to an 80% share of the jackpot (Column 4, lines 64-67; Column 5, lines 1-3). Congello, Jr. also discloses that a player can purchase a \$1.65 ticket adding a fractional denomination to a fixed, full unit ticket (Column 5, lines 10-12). One of ordinary skill in the art would understand based

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upon the disclosure of Congello, Jr that if a ticket costing \$0.80 would entitle the user to 80% of the jackpot based upon the full unit ticket price of a \$1.00, it can be extrapolated that if the user was to pay for a game ticket that adds a fractional denomination to the full unit resulting in \$1.65, the user would be entitled to 165% of the jackpot, thus resulting in a third type of prize that is equal to the jackpot plus a portion of what would be the taxes payable on the jackpot.

It would have been obvious to one of ordinary skill in the art to incorporate the teachings and suggestions of Congello, Jr. involving adding extra amounts to the jackpot to cover taxes into the method of Walker et al. Both Walker et al. and Congello, Jr. disclose methods for conducting a lottery where the user is given the option to pay more for tickets wherein a greater jackpot can be won. One of ordinary skill in the art would be motivated to make this incorporation in order to provide the Walker et al. method with a further option for users wherein users can place a further wager above the original insurance in order to cover any taxes that might be added to their winnings. By allowing the player this option, the revenue possibility of the Walker et al. method is not only increased, but the users would be further satisfied knowing that for a minimally increased wager, as disclosed by Congello, Jr., possible taxation on winnings could be supplemented for.

Response to Arguments

Applicant's arguments with respect to claims 1, 2, 4, and 13-16 have been considered but are moot in view of the new ground(s) of rejection.

Applicant's arguments with respect to claims 11 and 12 have been fully considered but they are not persuasive.

The Examiner agrees with the Applicant that all payouts for all winnings are paid out immediately. However, it is asserted in the two references that when the user opts for the tax insurance by choosing to purchase the Tax-Free Million ticket, the amount of the payout is not subject to tax withholdings apparent to the winner.

The Pennsylvania Tax-Free Million game is a game where a user can choose, by purchasing the Tax-Free Million ticket, to insure any large payout against possible taxes. By purchasing the ticket, and thus the tax insurance, the player is guaranteed upon winning to be paid in full an amount representing the total jackpot.

In regard to determining a cutoff point, the Pennsylvania Lottery site discloses information about claiming a prize that is won from any of the tickets, thus including the Pennsylvania Tax-Free Million. There is a cutoff point set what denotes a small jackpot and a large jackpot. Anything under \$500 is considered a small sum and can be paid in a lump sum immediately.

Further, anything over \$600.01 is considered a large jackpot and is subject to Federal Withholding taxes and annuity payments. In the case of the Tax-Free Million, where the user opted to purchase tax insurance by purchasing the ticket, the entire amount is immediately paid in full as it is disclosed that the Pennsylvania Department of Revenue will deduct the appropriate federal withholding before the winner received the lump sum winnings check. However, in the case of the Tax-Free Million, where the user opted to purchase the tax insurance, the rules of the game state that the Pennsylvania lottery will be responsible for this federal tax and it will be

taken out so that the winner will receive a full payment of the jackpot prize of one million dollars.

Therefore, based upon the disclosure of these two documents, a cutoff point is determined and small payments are paid in full and large payments, can also be paid out immediately as a lump sum. In the case where the user has opted for tax insurance by buying the Tax-Free Million ticket, this large payout would still represent the full million.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

US Patent No. 6,113,493: Method for generating a policy to insure gambling losses wherein the user has the option to buy or not to buy and if the user does buy the policy, then they are insured against certain and losses based upon their coverage.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37


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CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to C. Marks whose telephone number is (703)-305-7497. The examiner can normally be reached on Monday - Thursday (7:30AM - 5:30 PM).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Michael O'Neill, Acting SPE, can be reached on (703)-308-3484. The fax phone numbers for the organization where this application or proceeding is assigned are (703)-872-9302 for regular communications and (703)-872-9303 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703)-308-1148.


cmm

June 18, 2003



MICHAEL O'NEILL
PRIMARY EXAMINER